

# Economic Indicators



Central Bank of Iceland  
September 2005

## Overview of economic indicators

	Latest period	Latest value	Change (%)			Contribution to 12-mo. inflation (%)	12-mo. ch. 1 year ago (%)
			on prev. month	over 6 months <sup>2</sup>	over 12 months		
<i>I Inflation and inflation expectations<sup>1</sup></i>							
Consumer price index .....	September '05	246.9	1.5	4.5	4.8	.	3.4
Core index 1 (CPI excl. agric. prod., vegetables, fruit and petrol)	September '05	139.2	1.2	3.3	4.9	4.3	2.8
Core index 2 (core index 1 excl. public services).....	September '05	139.2	1.3	3.4	4.7	3.8	2.6
Domestic goods excl. agricultural products and vegetables.....	September '05	127.4	0.4	-2.6	-2.0	-0.2	1.6
Agricultural products and vegetables.....	September '05	120.2	2.0	-0.4	-0.5	0.0	4.2
Imported goods excl. alcohol and tobacco.....	September '05	110.7	3.6	2.6	0.0	0.0	1.7
- food and beverages .....	September '05	110.8	4.4	-4.6	-7.3	-0.2	2.0
- cars and spare parts.....	September '05	117.0	-0.2	-3.2	-1.6	-0.1	2.8
- petrol.....	September '05	155.9	4.9	37.7	12.3	0.6	13.0
- imported goods excl. food and beverages .....	September '05	96.8	4.3	-3.5	-2.2	-0.4	-1.3
Housing .....	September '05	215.2	1.0	14.9	18.0	4.0	7.1
Public services.....	September '05	145.1	0.2	2.4	6.9	0.5	5.0
Private services.....	September '05	145.8	0.5	3.1	3.9	0.9	2.9
Groceries (perishable items) .....	September '05	117.7	1.7	-3.4	-3.5	-0.6	0.2
Weighted import exchange rate index (Dec. 31 1994=100).....	August 31 '05	91.1	-1.7	-3.6	-11.9	.	-3.4
	Latest period	Expected 12 mo. inflation	Change on prev. survey	Exp. 12-mo inflation 1 year ago	Expected annual inflation over next 2 yrs.	Expected annual inflation over next 3 yrs.	Perceived inflation in past 12 mo.
Breakeven inflation rate <sup>3</sup> .....	March 30 '05	5.5	.	.	5.2	5.0	.
Employers' inflation expectations.....	February '05	3.6	0.0	2.8	3.0	.	.
Public's inflation expectations .....	Aug./Sept. '05	3.8	-0.3	4.0	.	.	3.2

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation. 3. Difference between non-indexed and indexed Treasury bond yields at 2 and 3 years' maturity. Data are not available after March 2005.

	Latest period	Latest value	Value 1 year ago	% change <sup>1</sup> on		From beginn. of year <sup>1</sup>	
				previous period	previous year	Value	Change on prev. year (%)
<i>II Output and demand</i>							
GDP (b.kr.).....	Q2/2005	238.1	216.3	4.3	6.8	463.6	4.9
National expenditure (b.kr.).....	Q2/2005	269.1	235.5	7.6	11.8	516.4	11.2
Private consumption (b.kr.).....	Q2/2005	146.2	126.4	9.4	14.1	279.6	11.6
Public consumption (b.kr.).....	Q2/2005	62.0	56.9	5.4	4.4	120.8	3.7
Gross fixed investment (b.kr.).....	Q2/2005	66.3	54.3	24.8	20.0	117.4	21.9
Exports of goods and services (billion kr.).....	Q2/2005	81.2	75.0	15.4	12.2	150.6	4.7
Imports of goods and services (billion kr.).....	Q2/2005	-112.3	-94.2	21.2	23.5	-203.4	21.1
Domestic turnover according to VAT statements (billion kr.)....	May-June '05	203.2	167.3	4.0	18.0	203.2	-62.2
Turnover in groceries stores (b.kr.).....	August '05	127.5	115.3	-9.1	10.6	122.6	9.3
Credit and debit card turnover (b.kr.) <sup>2</sup> .....	August '05	54.6	47.6	3.4	15.7	413.5	12.4
Turnover of publicly listed companies on ISEX (b.kr.).....	Q1-Q2/2005	183.7	135.3	105.7	36	183.7	36.0
Cement sales (thous. tons).....	August '05	24.2	19.1	-0.3	26.3	166.9	32.3
Automobile registrations (number).....	August '05	1,936	1,122	-23.1	72.5	18,330	62.6

1. Change between periods is presented in real terms. 2. Change in seasonally adjusted values.

	Latest period	Latest value	Value 1 year ago	% change on		From beginn. of year	
				previous period	previous year	Value	Change on prev. year (%)
<i>III Foreign trade and external economic conditions</i>							
Price of marine products in foreign currency (Jan. 1999=100)...	July '05	102.6	94.7	0.9	8.3	100.9	7.1
Price of aluminium, LME cash price USD/t.....	August '05	1,878	1,693	5.6	10.9	1,841	9.9
Price of crude oil (Brent) USD/b.....	August '05	64.1	42.0	11.3	52.6	52.4	47.2
Groundfish (1,000 tonnes).....	August '05	38.1	40.4	12.1	-5.7	358.0	1.3
Pelagics (1,000 tonnes).....	August '05	45.6	32.7	-10.8	39.7	971.8	5.0
Merchandise exports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	July '05	13.4	16.8	-18.2	-11.0	108.7	2.9
- marine products (b.kr.) <sup>1</sup> .....	July '05	7.7	10.6	-23.2	-18.3	66.6	4.0
- aluminium (b.kr.) <sup>1</sup> .....	July '05	2.7	2.7	-15.1	14.0	20.9	8.7
- other industrial products (b.kr.) <sup>1</sup> .....	July '05	2.6	2.9	-0.2	-1.6	17.1	-4.2
Merchandise imports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	July '05	23.7	20.4	-8.5	29.7	152.9	27.4
Merchandise trade balance (excl. ships & aircraft, b.kr.).....	July '05	-10.3	-3.6	.	.	-44.2	.
Services exports (b.kr.) <sup>1</sup> .....	Q2/2005	29.3	27.1	27.6	19.0	52.0	16.9
Services imports (b.kr.) <sup>1</sup> .....	Q2/2005	39.5	32.7	23.2	32.9	71.1	29.3
Real effective exchange rate (relative CPI) (1980=100).....	Q3/2005	106.2	97.0	2.5	9.5	105.9	9.8

Note: In the case of volumes and values, 'From beginning of year' refers to cumulated figures to date, but in the case of prices or indices it refers to the average price or index. 1. Changes are calculated at constant exchange rates.

	Latest period	Latest value	Value 1 year ago	Change <sup>1</sup> from previous		From beginn. of year <sup>2</sup>	
				period	previous year	Average	Change on prev. year (%)
<i>IV Labour market and wages</i>							
Number of unemployed listed at employment agencies.....	August '05	2,851	4,452	-284	-1,601	3,551	-27.2
Registered unemployment, s.a. (% of total estim. labour force)	August '05	2.1	3.3	-0.1	-1.2	2.2	-0.9
Unemployment rate, labour force survey .....	Q2/2005	3.0	4.0	0.0	-1.0	3.1	-0.5
Listed vacancies at employment agencies .....	August '05	1,912	1,053	27.0	81.6	1,437	121.9
New work permits issued.....	August '05	353	171	-19	106.4	1,987	116.2
Work permits issued, total.....	August '05	478	300	-16	59.3	3,027	28.7
Wage index (December 1988=100).....	August '05	268.9	252.0	0.3	6.7	265.0	6.6
Real wages (wage index deflated by CPI).....	August '05	138.1	134.2	0.1	2.9	137.1	2.7

1. Change from previous period refers to change in the number of unemployed and change in the rate of unemployment; percentage changes otherwise. 2. Average from beginning of year except for work permits where the cumulated number of permits is shown. Change on previous year refers to change in the average number of unemployed and change in the unemployment rate; percentage changes otherwise.

	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Value	Change on prev. year (%)
<i>V Public finances</i>							
Treasury revenue balance (billion kr.) .....	July '05	4.7	0.4	.	.	9.2	.
- as % of revenue .....	July '05	16.7	1.7	.	.	11.6	.
Net borrowing requirement (billion kr.) .....	July '05	7.1	4.3	.	.	15.5	.
- as % of revenue .....	July '05	25.2	18.0	.	.	19.5	.
Treasury revenue (b.kr.).....	July '05	28.1	23.7	-0.5	13.6	79.4	17.8
- from VAT (b. kr.).....	July '05	8.3	6.9	-1.8	15.7	22.0	17.7
- from payroll & personal income tax withheld (b.kr.).....	July '05	8.7	7.5	-0.3	10.8	25.2	10.6
- from imports, alcohol, car ownership (b.kr.) .....	July '05	1.8	1.5	2.8	17.5	5.5	20.2
Treasury expenditures (b.kr.) .....	July '05	23.4	23.3	-1.7	-3.8	70.3	3.6

Note: First four columns show 4-month moving averages of monthly values, last two show current year to date. No adjustment has been made for the change in accounting principles on January 2004, which introduces a distortion into comparisons of 4-month figures until April 2005. All changes are in real terms.

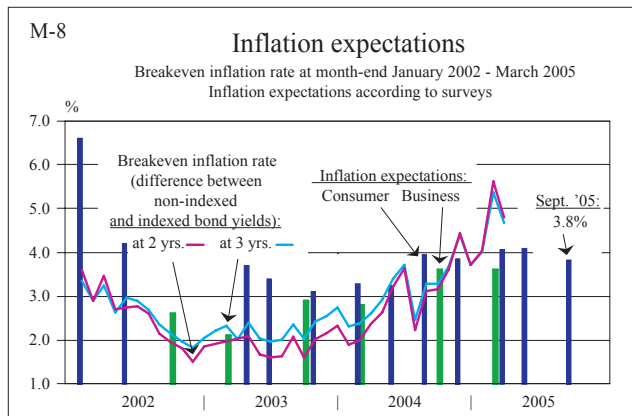
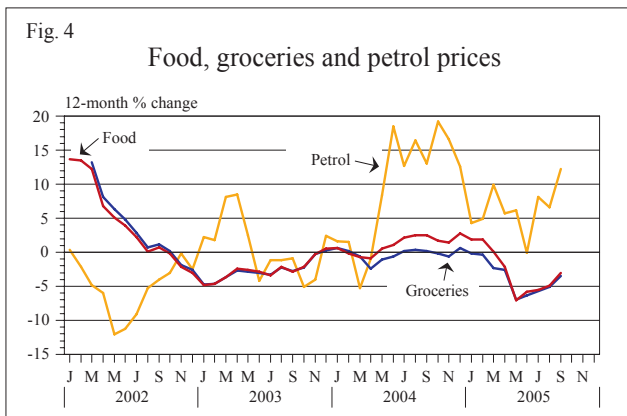
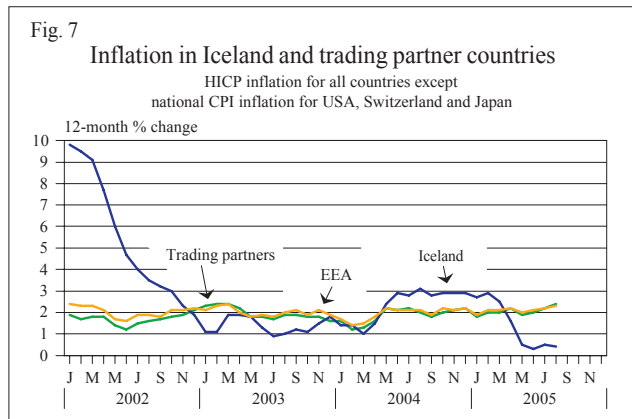
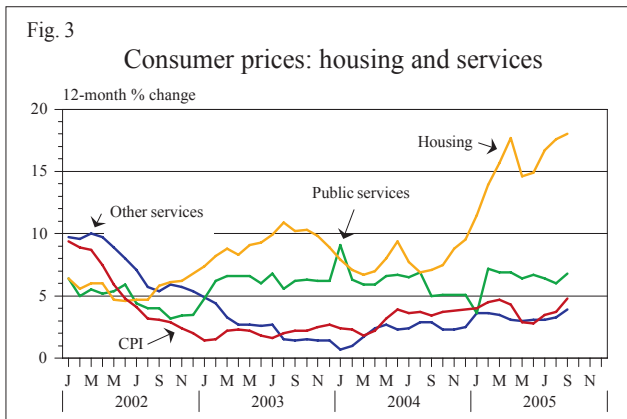
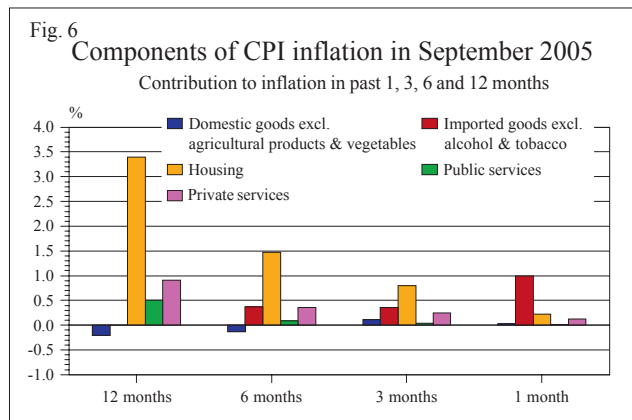
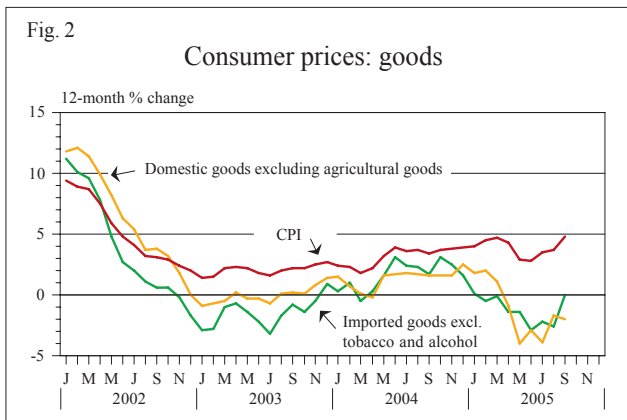
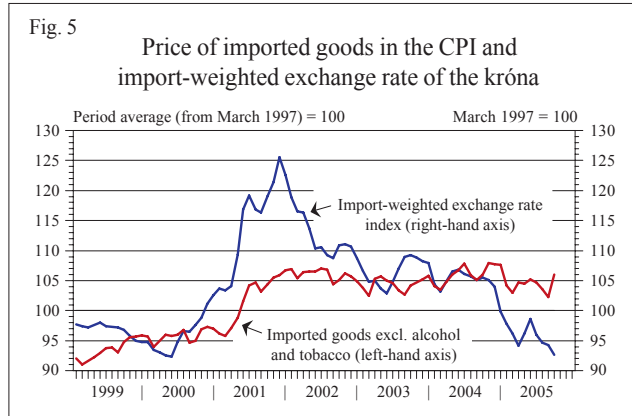
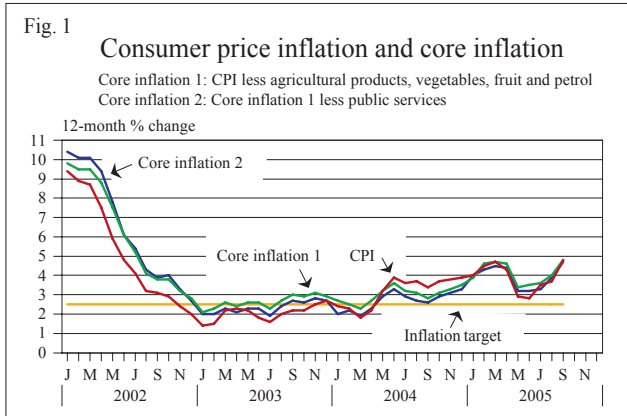
	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Average	Change on age <sup>1</sup> prev. year (%)
<i>VI Asset markets</i>							
ICEX-15 equity price index <sup>2</sup> (Dec. 1997=1,000).....	August '05	4,506.3	3,229.3	7.1	39.5	4,004.8	47.9
ICEX-Main equity price index <sup>2</sup> (Dec. 1997=1,000) .....	August '05	4,182.8	3,044.3	6.7	37.4	3,742.6	44.0
Equity turnover on ICEX <sup>2</sup> , monthly total.....	August '05	98.3	44.4	66.9	121.4	559.9	53.0
Residential housing prices, narrow index <sup>3</sup> (Jan. 1994=100).....	August '05	274.2	200.6	-1.4	36.7	258.9	32.4
Real residential housing prices, broad index <sup>3</sup> (Jan. 1994=100)	August '05	195.4	144.3	-0.8	35.4	184.1	30.6
Price of long-term cod quota (kr./kg.) .....	August '05	1,375	1,080	0.0	27.3	1,271	13.4

1. Except for turnover which is cumulated to date. 2. ICEX = Iceland Stock Exchange. Prices are monthly averages. 3. In Greater Reykjavik Area.

	Latest period	Latest value	Value 1 year ago	% change on previous		From beginn. of year	
				period	previous year	Average	Change on prev. year (%)
<i>VII Financial markets</i>							
Bank lending to domestic sector (b.kr.) <sup>1</sup> .....	August '05	1,457.5	968.3	2.2	50.5	.	.
- adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) <sup>1</sup> .....	August '05	347.2	227.2	2.4	52.8	.	.
- in real terms (January 2002 = 100) <sup>1</sup> .....	August '05	188.9	131.5	0.7	43.6	.	.
Credit system total lending (b.kr.) .....	June '05	3,103.2	2,437.1	9.5	27.3	.	.
M3 (b.kr.) .....	August '05	619.1	511.3	0.1	21.1	.	.
Central Bank policy interest rate (%) .....	September 16 '05	9.50	6.25	0.00	3.25	9.03	3.44
Money market yield, 3-mo. (%) <sup>2</sup> .....	September 16 '05	9.3	6.5	0.0	2.9	9.1	3.4
Treasury bill yield, 3-mo. (%) <sup>2</sup> .....	September 16 '05	9.5	6.2	0.8	3.3	8.5	3.0
Treasury bill real yield, 3-mo., based on breakeven inflation (%) <sup>2</sup>	September 16 '05	.	3.3	.	.	.	.
Yield on Treasury notes (RIKB 100317) (%) <sup>2</sup> .....	September 16 '05	7.4	7.6	-0.2	-0.2	7.7	0.3
Yield on Treasury notes (RIKB 130517) (%) <sup>2</sup> .....	September 16 '05	7.4	7.6	0.1	-0.2	7.5	0.0
Real yield on HFF bonds (HFF 150224) (%) <sup>2</sup> .....	September 16 '05	3.7	4.0	-0.1	-0.3	3.6	.
Real yield on HFF bonds (HFF 150234) (%) <sup>2</sup> .....	September 16 '05	3.6	3.9	0.0	-0.3	3.6	.
Real yield on HFF bonds (HFF 150244) (%) <sup>2</sup> .....	September 16 '05	3.6	3.9	0.0	-0.2	3.6	.
Real yield on Treasury bonds (RIKS 151001) (%) <sup>2</sup> .....	September 16 '05	3.6	3.9	-0.1	-0.3	3.6	-0.4
Average bank lending rate, non-indexed loans (%) <sup>2</sup> .....	September 16 '05	15.0	12.6	0.1	2.4	14.4	2.7
Average bank lending rate, indexed loans (%) <sup>2</sup> .....	September 16 '05	6.8	8.2	-0.3	-1.3	7.4	-0.8
Exchange rate index of króna (Dec. 31 1991=100) <sup>2</sup> .....	September 16 '05	107.7	121.4	-1.7	-13.7	110.5	-11.3

1. For comparability, financial companies which were reclassified as deposit money banks or moved into that category through mergers are included retrospectively for the entire period. This adjustment is made only for percentage changes and not applied to the original stock figures. 2. All figures except for two last columns are based on 4-week averages.

# I Inflation and inflation expectations



## II Output and demand

Fig. 9

Economic growth and national expenditure

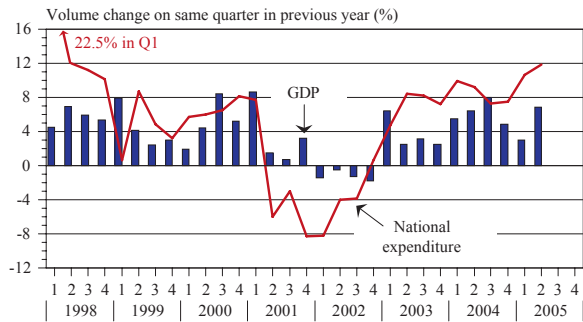


Fig. 13

Turnover based on VAT returns: selected sectors

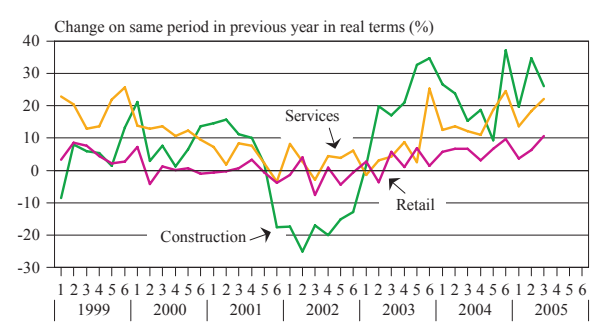


Fig. 10

Consumption and gross fixed capital formation

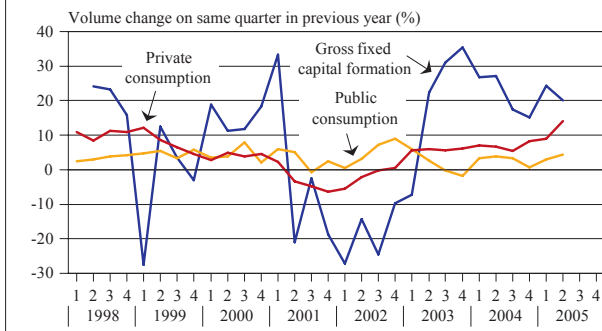


Fig. 14

Groceries turnover

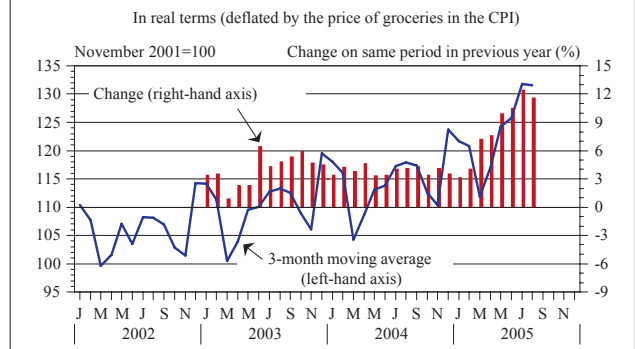


Fig. 11

Exports and imports of goods and services

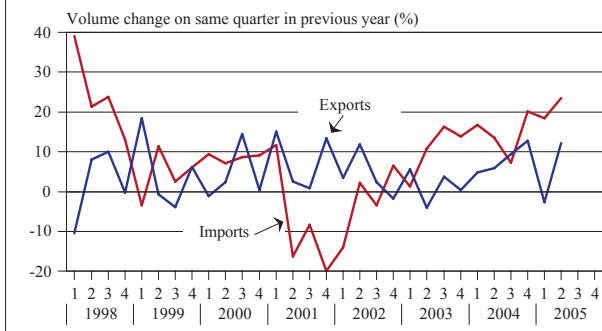


Fig. 15

Credit card and debit card turnover

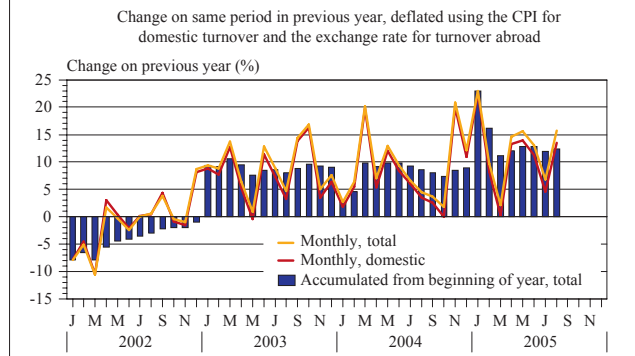


Fig. 12

Turnover based on VAT returns

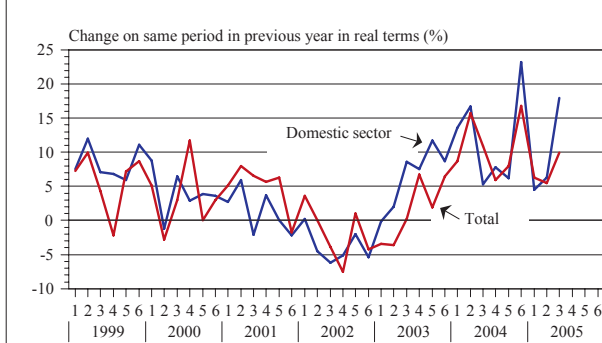
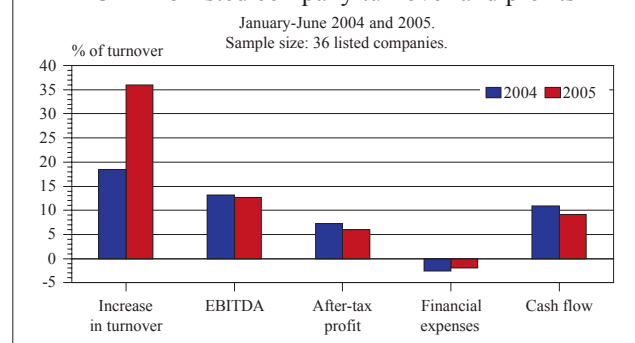


Fig. 16

ICEX-15 listed company turnover and profits



## II Output and demand

Fig. 17

Cement sales and car imports and registrations

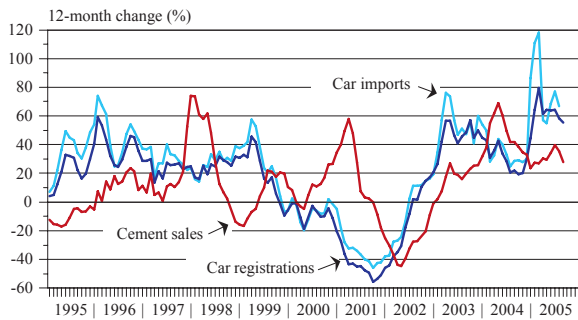


Fig. 19

Value of contracts in public tender and the ratio of value to estimated costs

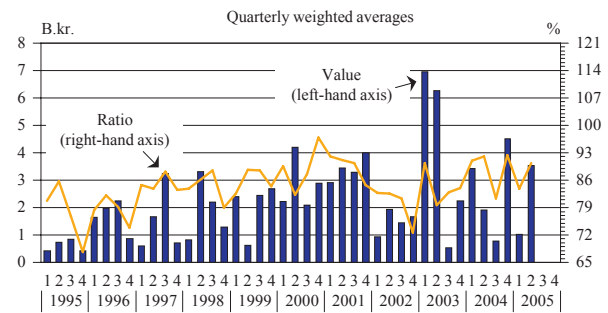


Fig. 18

Electricity sales

Ordinary market consumption (i.e. excl. metals industry and Landsvirkjun's own consumption), seasonally adjusted 3-month moving average

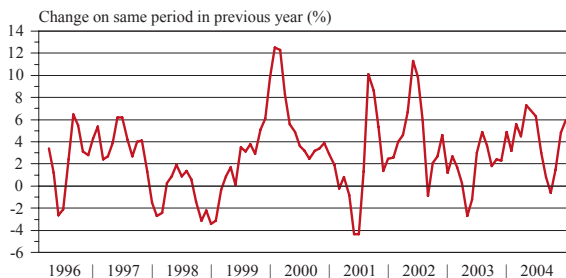
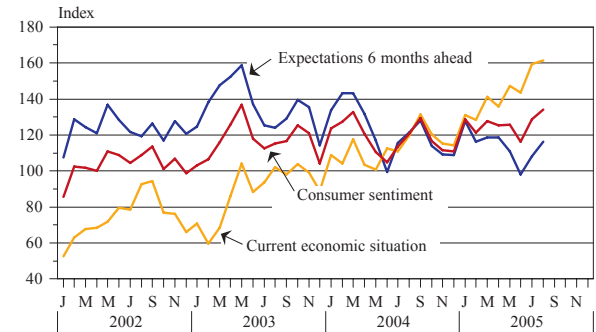


Fig. 20

Consumer sentiment



## III Foreign trade and external economic conditions

Fig. 21

Quarterly current account balance

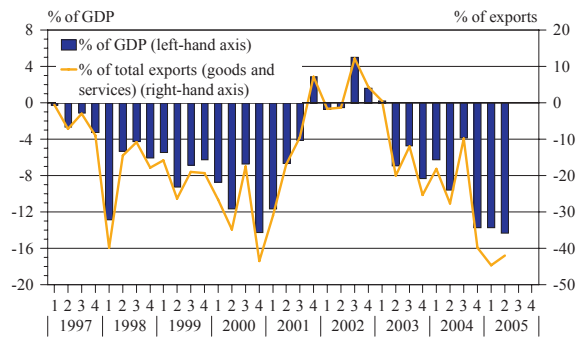


Fig. 23

Merchandise imports and exports

12-month moving averages, at fixed exchange rates

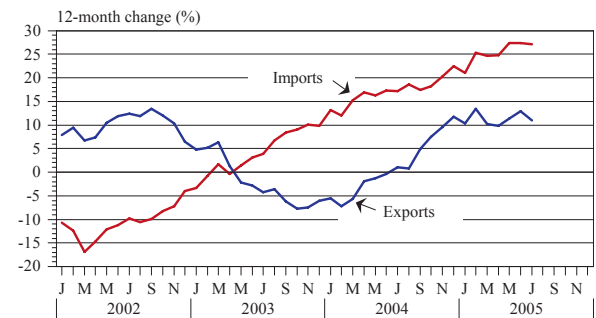


Fig. 22

Merchandise trade balance

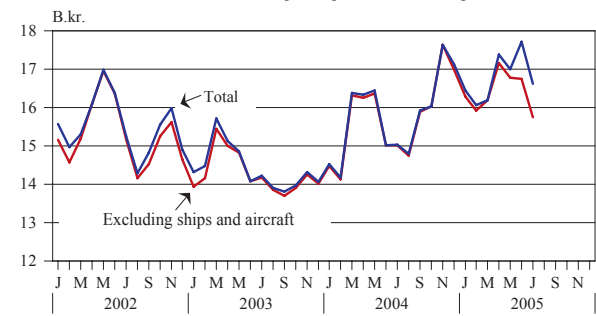
12-month moving averages



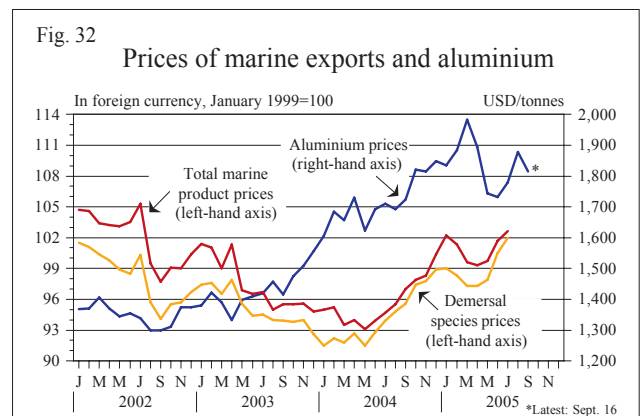
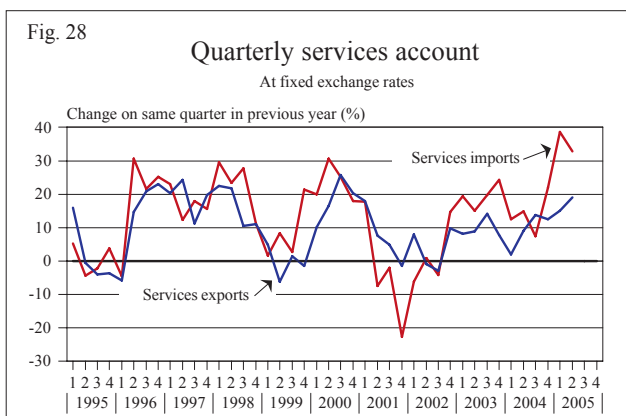
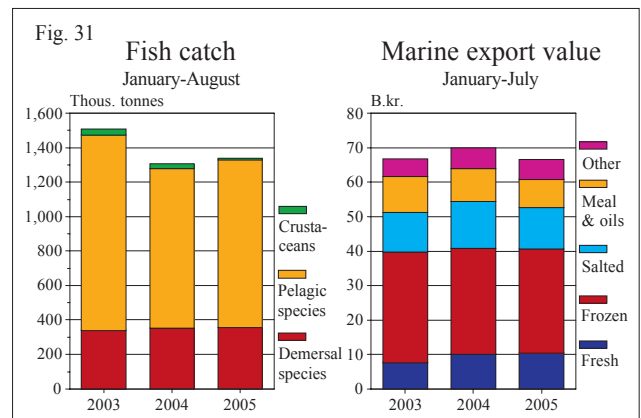
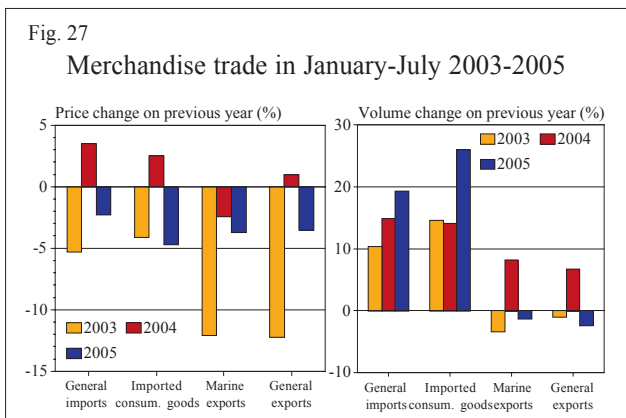
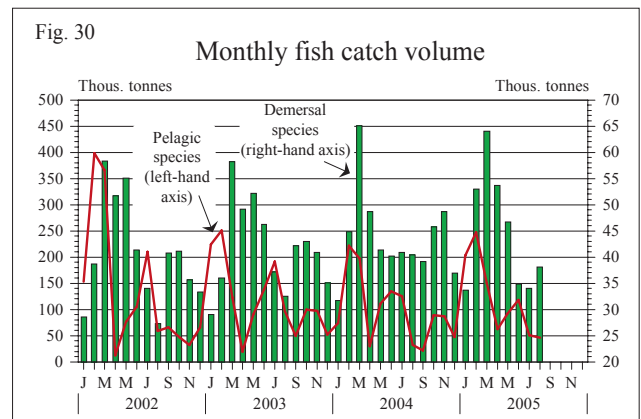
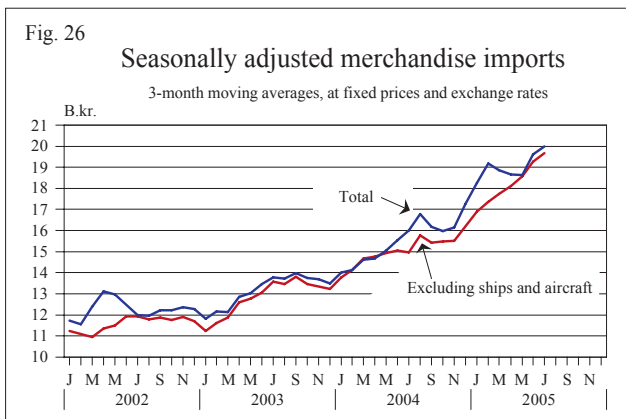
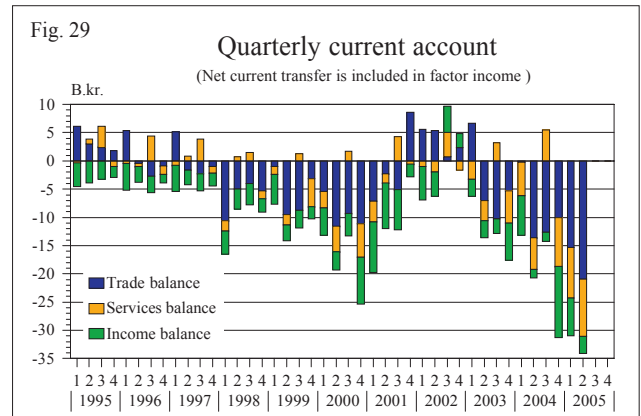
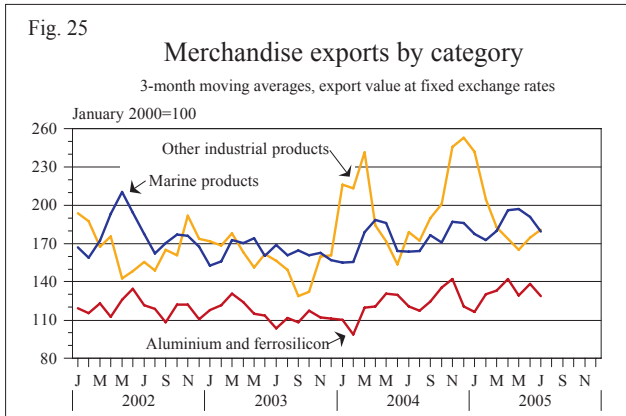
Fig. 24

Merchandise exports

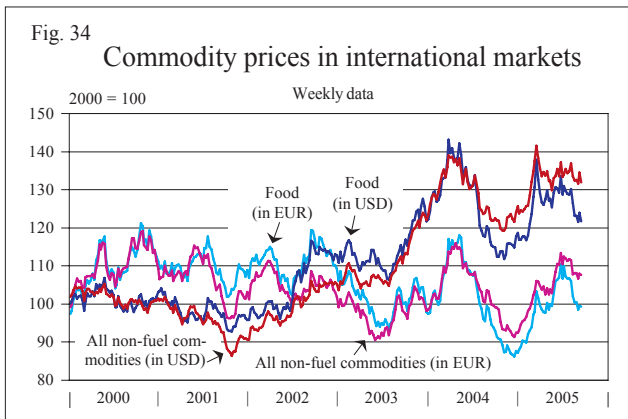
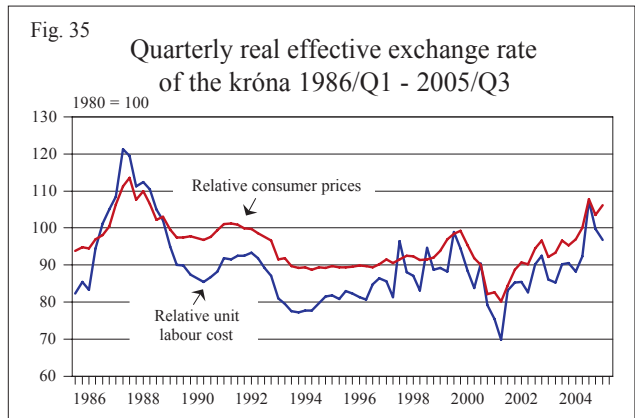
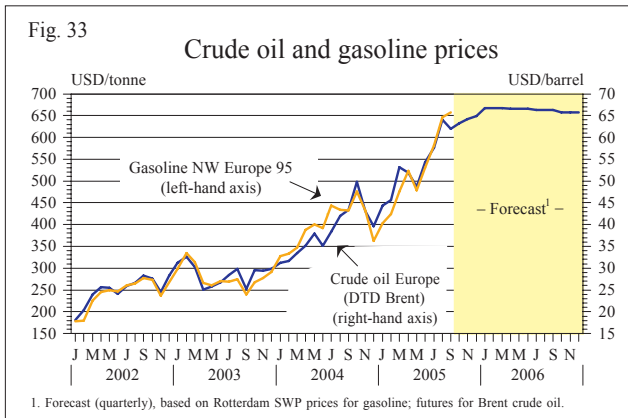
3-month moving averages, at fixed exchange rates



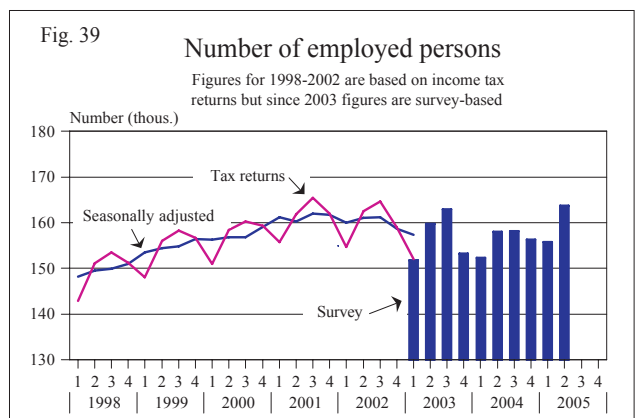
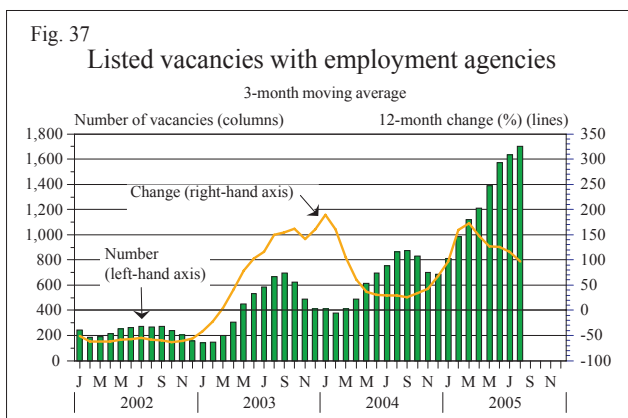
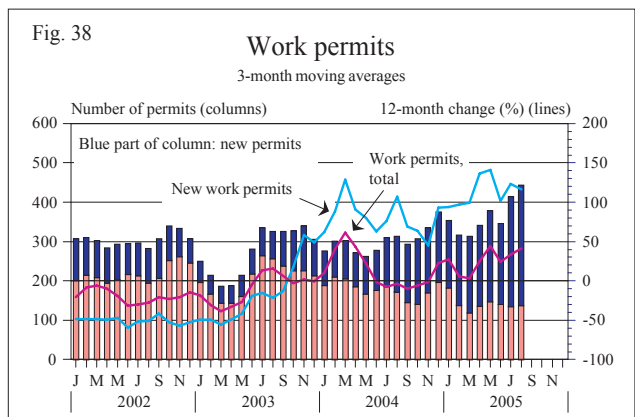
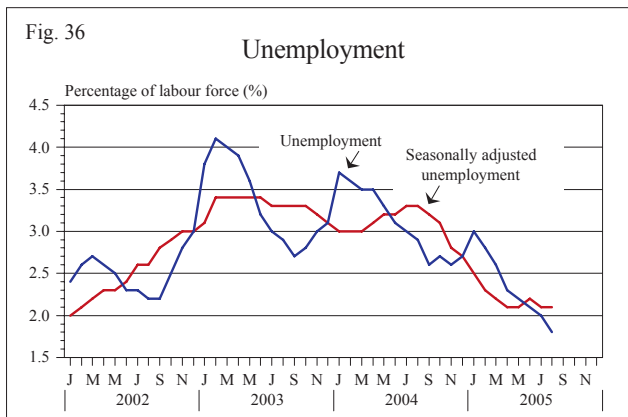
### III Foreign trade and external economic conditions



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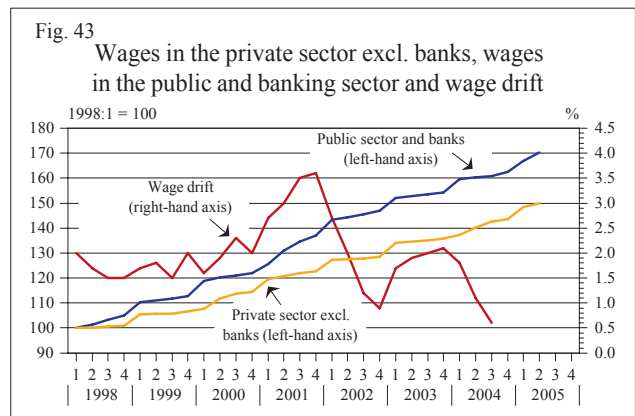
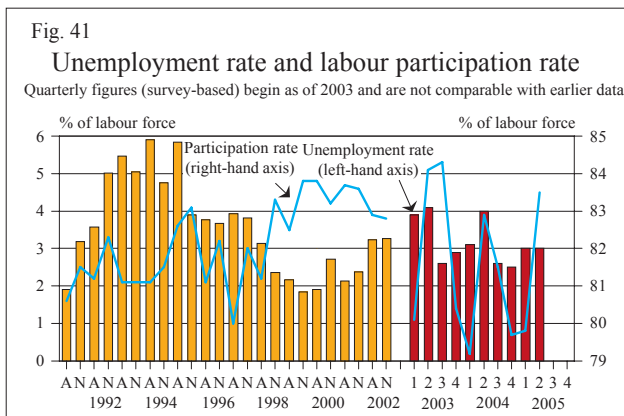
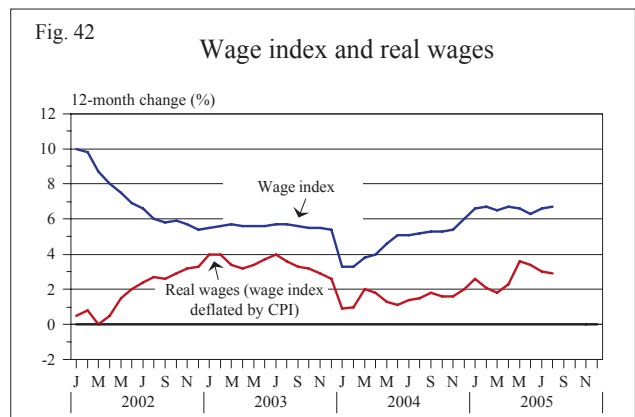
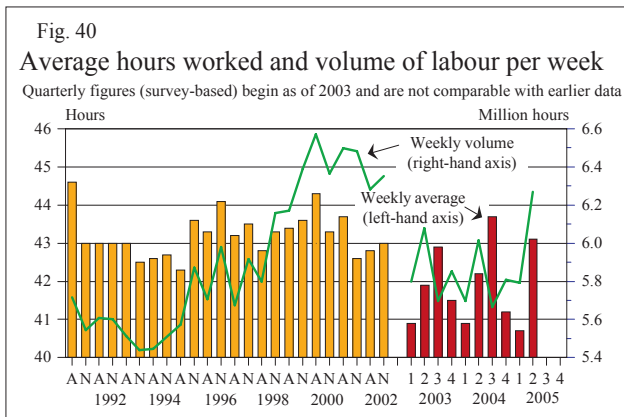


### IV Labour market and wages

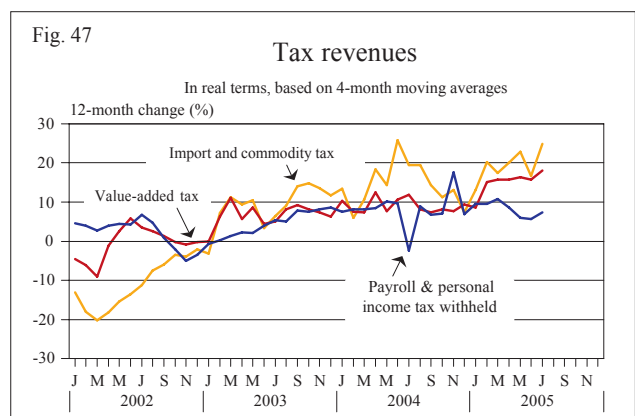
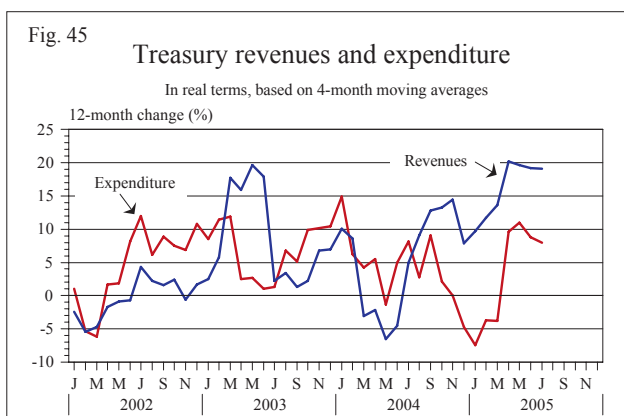
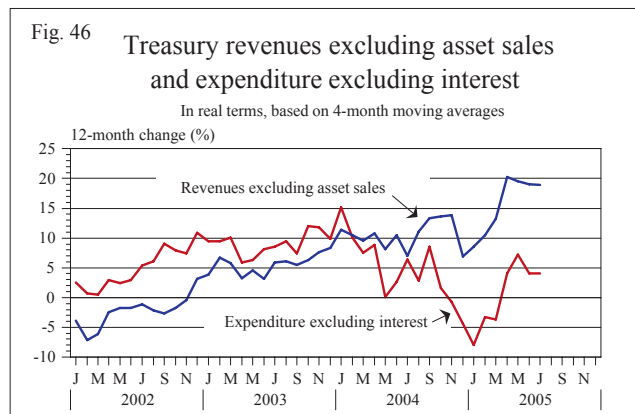
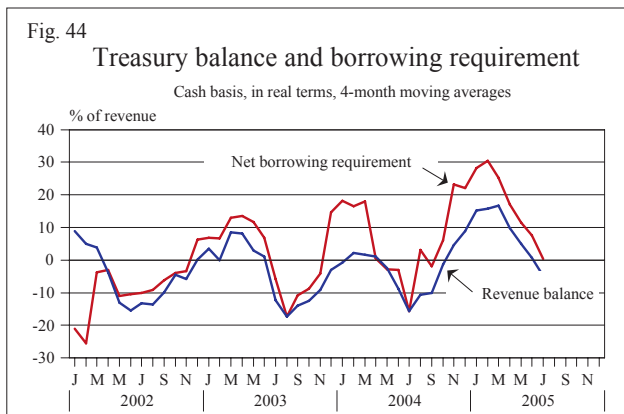




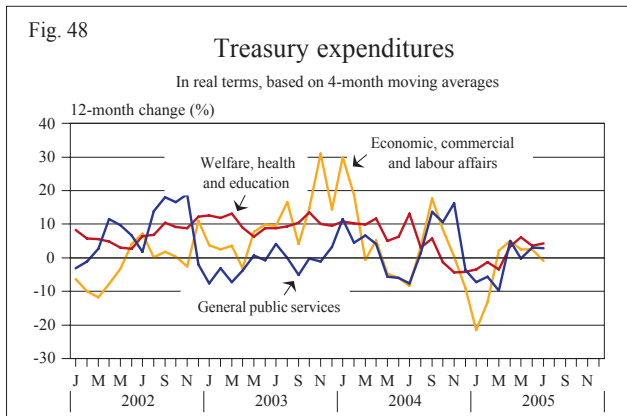
## IV Labour market and wages



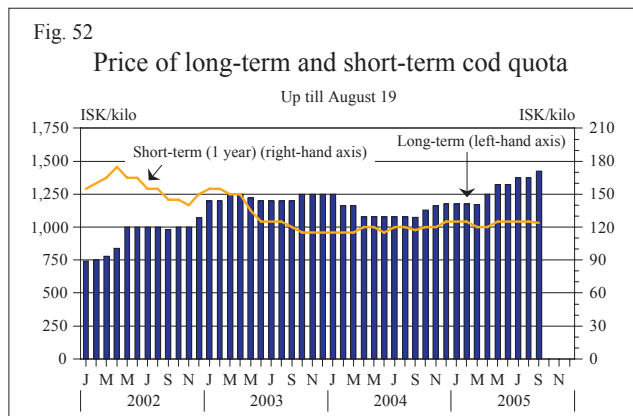
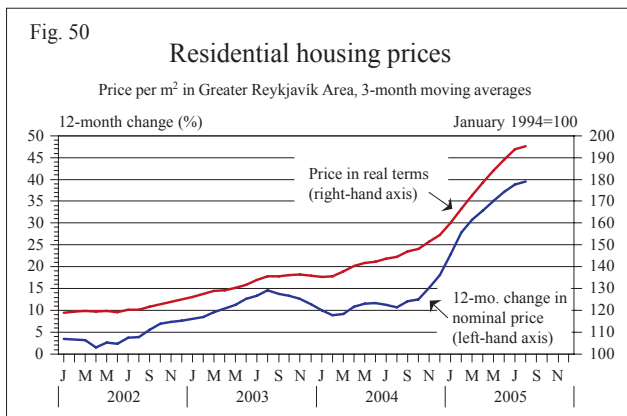
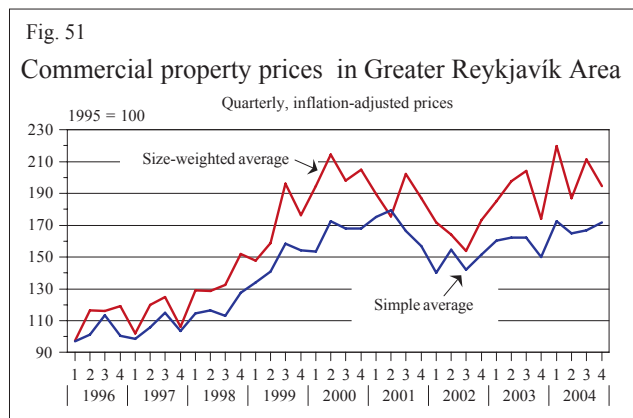
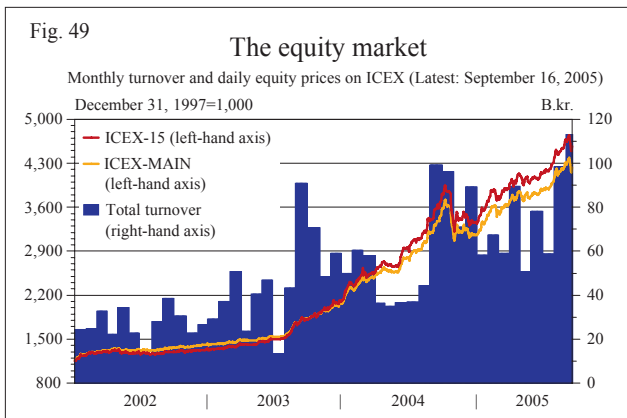
## V Public finances



## V Public finances



## VI Asset markets



## VII Financial markets

Fig. 53

### Quarterly credit system lending growth

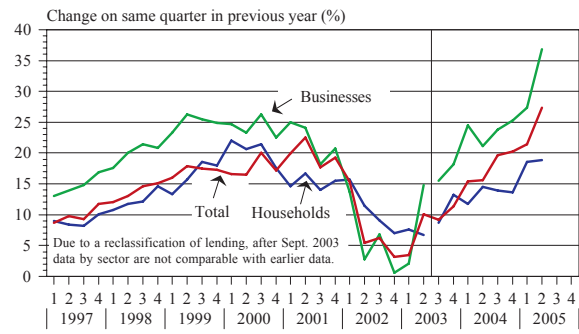


Fig. 57

### Base money and repurchase agreements with the Central Bank

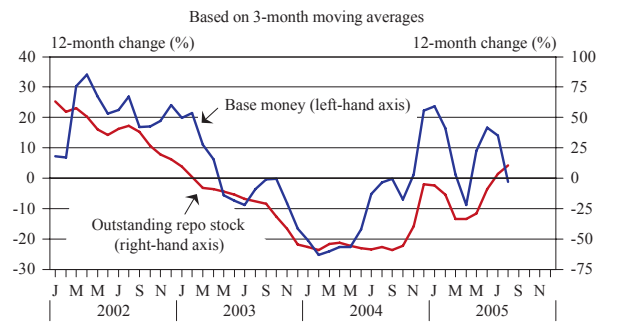


Fig. 54

### Household debt with main credit institutions

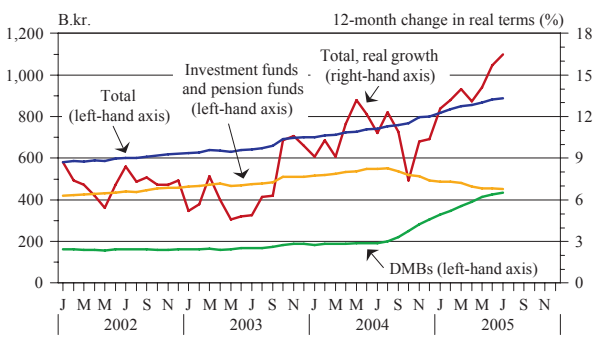


Fig. 58

### The Central Bank repo rate and interbank interest rates

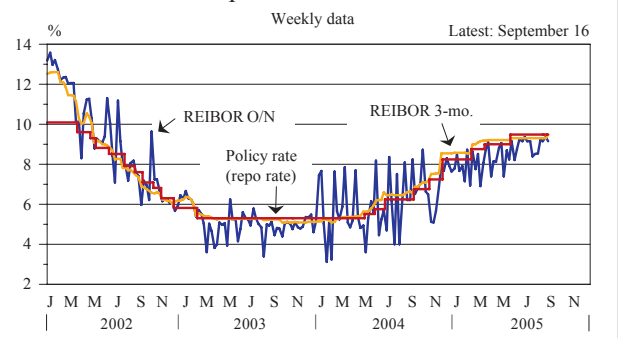


Fig. 55

### Growth of M3 and bank credit

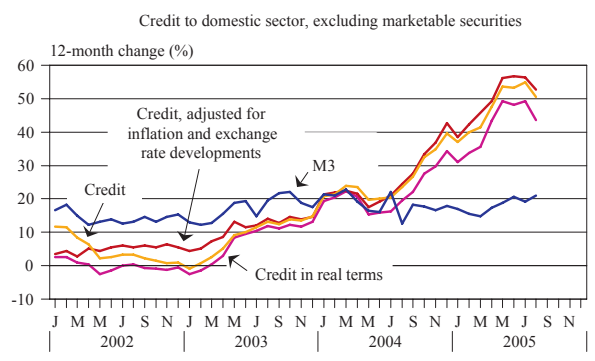


Fig. 59

### Short-term interest rates and interest rate spread

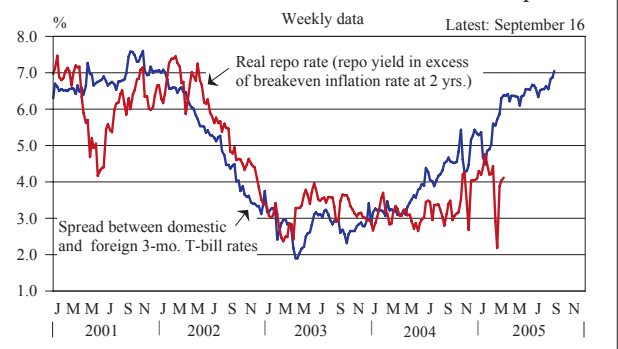


Fig. 56

### Growth of M3 and DMBs' credit to domestic sector

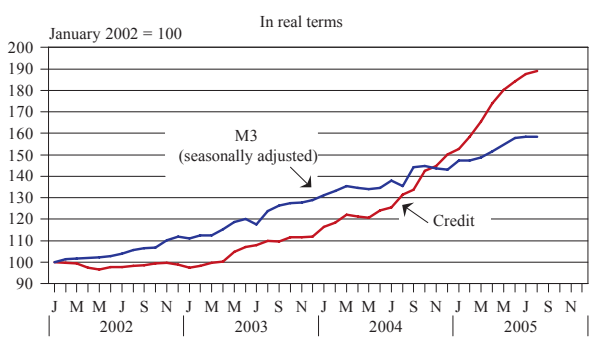
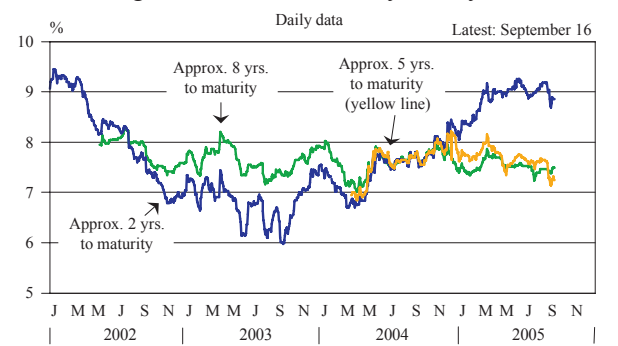


Fig. 60

### Long-term nominal Treasury bond yields



## VII Financial markets

